

EXHIBIT 7

In the Matter of:

United States

vs

Gutfahr

Reporter's Transcript of Recorded Interviews

January 21, 2025



**GRIFFIN GROUP
INTERNATIONAL**

3200 East Camelback Road, Suite 177
Phoenix, Arizona 85018

United States vs
Gutfahr

Reporter's Transcript of Recorded Interviews

In re:)
) Case No.
United States v. Elizabeth) 24-CR-08132-RM
Gutfahr.)
)

United States vs
Gutfahr

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REPORTER'S TRANSCRIPT OF RECORDED INTERVIEW

INTERVIEW OF: Kenny Hayes
Angelica Lucero

INTERVIEW BY: AUSA Jane Westby
S.A. Shannon Gonzalez

INTERVIEW DATE: Certified Copy Terminated
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PREPARED BY:
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(Certified Copy)



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2

1 (Audio begins.)

2 S.A. GONZALEZ: Good afternoon. Today is
3 January 21st, 2025. This is Shannon Gonzalez with the
4 Federal Bureau of Investigation on a voluntary recorded
5 call with --

6 Go ahead. Introduce yourselves, please.

7 MS. WESTBY: Jane Westby U.S. Attorney's
8 Office.

9 MS. LUCERO: Angelica Lucero, Patagonia
10 Union High School and ~~Patagonia Elementary~~.

11 MR. HAYES: And then Kenny Hayes. I'm the
12 superintendent for Patagonia High School, and Patagonia
13 Elementary School districts.

14 S.A. GONZALEZ: Thank you.

15 MS. WESTBY: Okay. All right. So here we
16 go. And, just for the record, you've had a chance to chat
17 with your attorney before our conversation today; is that
18 accurate?

19 MR. HAYES: Yes, through --

20 MS. WESTBY: Okay. Great.

21 MR. HAYES: -- email.

22 MS. WESTBY: Okay. All right. So our
23 information -- and, first of all, we got your -- your name
24 from Snell & Wilmer. That's why -- why we're reaching out
25 to you, the folks that represent the board of supervisors.



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3

1 And I apologize if I'm repeating myself. We've done a
2 couple of these today.

3 So our information is that the treasurer's
4 office maintains a certain percentage of funds for your
5 use. And so we're trying to find out if you've received
6 information from them about a chargeback that you would
7 have to take on your -- your books for that, and, if so,
8 how much that is and how would it impact you. Do you have
9 a chargeback number yet?

10 MR. HAYES: We have a -- they gave us a -- a
11 guestimation of what it would be. Like, the Patagonia
12 Elementary District -- district is \$528,989.15.

13 MS. WESTBY: Okay.

14 MR. HAYES: And for Patagonia High School,
15 it's \$815,697.48.

16 MS. WESTBY: ~~same~~ Okay. 815,697.48?

17 MR. HAYES: Yep.

18 MS. WESTBY: And then -- I'm sorry -- the
19 other one was 520 -- how much?

20 MR. HAYES: 528,989.15.

21 MS. WESTBY: Okay. And those are -- and I
22 understand those are estimates?

23 MR. HAYES: Yes.

24 MS. WESTBY: And the first one was for the
25 elementary school -- okay.



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4

1 MR. HAYES: Uh-huh.

2 MS. WESTBY: Okay. And do you knew -- know,
3 at this point, whether that's going to have to be consumed
4 all in one year or over like a set of years?

5 MR. HAYES: I believe it's going to be in
6 one year.

7 MS. WESTBY: Okay. Okay. And this goes all
8 against your cash balance; is that how it will work?

9 MR. HAYES: Yeah.

10 MS. WESTBY: Okay. And for the -- the
11 elementary school and the high school, do they have just
12 one operating budget or do they do that separately?

13 MR. HAYES: No. We have two separate
14 operating budgets.

15 MS. WESTBY: Okay. So let's start with the
16 elementary school. About what percentage of that 520 is
17 your budget?

18 MR. HAYES: Almost half.

19 MS. WESTBY: Okay. Oh, my goodness. Okay.

20 MS. LUCERO: I mean, of our -- of our
21 regular budget.

22 MS. WESTBY: I see.

23 MS. LUCERO: Because it just depends on what
24 you take into account, like our -- our -- the main parts
25 of our budget are with the -- with the state funding and



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5

1 whatnot, like our M&O and that. And that is about half of
2 that.

3 MS. WESTBY: Okay. All right. And --

4 MR. HAYES: On -- on both accounts.

5 MS. WESTBY: So for both -- and that would
6 be about the same for the high school as well?

7 MS. LUCERO: Yeah.

8 MS. WESTBY: Okay. Okay. All right. So I
9 guess my next question is if you've got to take this --
10 like, let's talk about the elementary school again -- all
11 in one year, what effect is that going to have on your
12 ability to carry out your mission?

13 MS. LUCERO: The cash flow that's
14 available -- like our budget capacity is -- isn't
15 effected. We can still budget. However, what -- the cash
16 may not be available for us to be able to make our payment
17 until other cash starts flowing, like tax payments and --
18 and whatnot. So --

19 MS. WESTBY: Okay. And what kind of
20 payments are we talking about?

21 MS. LUCERO: Of our expenditure, you mean?

22 MS. WESTBY: Yeah. So like just -- and
23 we're just talking about the elementary school right now.
24 So --

25 MS. LUCERO: Yeah.



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6

1 MS. WESTBY: And under -- and so I'm just
2 trying to create a correct picture of what kind of trouble
3 this has caused you. So maybe we can just kind of talk
4 openly about that for a minute for the -- and just for the
5 elementary schools for now.

6 MS. LUCERO: Yeah. Payroll. Like -- like I
7 say, right now, when I -- I'm -- I'm -- I plugged in those
8 numbers that we could potentially lose into our total cash
9 balances that we have for the -- you know, the -- our
10 working cash balances. And it -- those amounts are
11 actually like about half of our -- our cash flow that we
12 have. And so by the end of this year -- like, our
13 starting balance for the next year is probably not going
14 to be very high. So when we start school, we're going to
15 really be watching what kind of cash we have available,
16 because cash -- like, the flow of cash doesn't really
17 start coming in -- you know, we get our state payments,
18 but then we don't get the real bulk, like, from the
19 taxpayer money until taxes are paid, like in -- in
20 November and --

21 MS. WESTBY: Okay.

22 MR. HAYES: -- (indiscernible) now. So
23 it --

24 MS. WESTBY: Okay.

25 MS. LUCERO: It's just -- it's a matter of



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7

1 the cash flow.

2 MS. WESTBY: I see. And so where will
3 you -- how will you make up this? So, say, for payroll,
4 how will you have to -- what will you have to do to make
5 up that shortfall?

6 MS. LUCERO: Well, there's a conversation
7 we're going to be having, yeah, real soon about.

8 MS. WESTBY: Okay.

9 MR. HAYES: But we've been talking about
10 that. We've been talking about ~~eliminate~~ what programs
11 that we can eliminate, like our music program, possibly,
12 our arts programs. Any of them that aren't, you know, a
13 necessity. Even though we believe that all of them are a
14 necessity, I'm not trying to say that, but --

15 MS. WESTBY: Right.

16 MR. HAYES: ~~Like~~, you know the -- you know,
17 that's -- that's definitely on the table for us for the
18 next year or so until we can build our cash flow back
19 up again.

20 MS. WESTBY: Okay. And is all this also
21 true for the high school?

22 MR. HAYES: Yes.

23 MS. WESTBY: Okay. All right. And what
24 about -- I mean, is this going to affect expenditures for
25 building improvements or other types of programs that you



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8

1 could offer, anything like that?

2 MS. LUCERO: It has the potential to.

3 MS. WESTBY: Okay.

4 MR. HAYES: Yeah.

5 MS. WESTBY: All right. Because that's
6 one-half of your budget. That seems to be quite a bit of
7 money. How -- how long do you --

8 MS. LUCERO: I --

9 MS. WESTBY: Go ahead.

10 MS. LUCERO: I ~~don't~~ know if I want to say
11 it's half of the budget. It just -- it's more half of
12 the -- like, say, the cash flow that we tend --

13 MS. WESTBY: Right.

14 MS. LUCERO: -- on-hand, our ongoing cash
15 flow.

16 MS. WESTBY: ~~okay~~ okay.

17 MS. LUCERO: Because the budget --

18 MR. HAYES: So it's going to --

19 MS. LUCERO: Yeah.

20 MR. HAYES: It's going to affect our ability
21 to retain teachers by giving them appropriate raises and
22 that sort of thing. And being a rural, remote school,
23 it's difficult to attract good teachers as it is. So, you
24 know, we want to retain the good ones that we have. And
25 it's going to be difficult for us to do that, because we



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9

1 don't have the extra cash flow in order to give raises
2 and, you know, cost-of-living increases and that sort of
3 thing.

4 MS. WESTBY: Okay. And how long do you
5 think it's going to take you to recover from this? If
6 you've got to take a -- a hit on this in -- in one year?

7 MR. HAYES: I --

8 MS. LUCERO: It's hard to say.

9 MR. HAYES: A long time. It'll take us a
10 decade at least, probably.

11 MS. WESTBY: Okay. All right. And did
12 you -- did you receive -- and, as you know, the -- these
13 thefts have been going on for a long time, since like 2014
14 to 2023, and that's kind of on the -- the record. And I
15 guess my is -- now I just lost my question.

16 Were you receiving reports during that time
17 from the treasurer's office with the amount of funds
18 available to you for expenditures?

19 MS. LUCERO: We receive our daily cash
20 balances every day. And then we reconcile at the end of
21 the month to see that, you know, everything matches, like,
22 with the money that we're expecting, the deposits we've
23 made, the deposit that we get from the state. The -- the
24 only thing that would be uncertain are the amount of taxes
25 that we -- that would be applied every month, because



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10

1 obviously we didn't have control of that part. We just
2 had to take, you know, pretty much the word of what they
3 say that we were getting. So --

4 MS. WESTBY: Like, you would say --

5 MS. LUCERO: But everything else was -- I'm
6 sorry. Go ahead.

7 MS. WESTBY: No, I'm sorry. Go ahead.

8 MS. LUCERO: No, but those numbers -- I
9 mean, those numbers would match up, but --

10 MS. WESTBY: Uh-huh--

11 MS. LUCERO: -- you know, the -- the main
12 thing that we could account for obviously is what we knew
13 we were expecting, say, from this state and in our grants
14 and whatnot that we -- and deposits that we made. That
15 would have been the only thing in question would be the --
16 the taxes, like, say, and ~~the~~ -- and the interest that
17 some of the accounts collected because those -- you know,
18 those numbers were given to us from them through our
19 county school superintendent's office. So --

20 MS. WESTBY: So were those -- were the --
21 were the numbers that you were getting from the
22 treasurer's office, were those accurate? Or did they
23 then -- then have to -- well, I guess, they weren't to the
24 extent that they were reporting your cash balances,
25 apparently; is that accurate?

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